

Message Text

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ACTION NEA-10

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C O N F I D E N T I A L SECTION 1 OF 2 DACCA 0880

E.O. 11652: N/A
TAGS: PFOR, ECON, EWWT, BG, IN
SUBJ: ECONOMIC EFFECTS OF FARAKKA: OUTLOOK FOR 1977

REFS: A) DACCA 396; B) A-152, DECEMBER 3, 1976

1. SUMMARY: GANGES RIVER FLOWS ARE REPORTEDLY AT ALL TIME LOWS THROUGHOUT ITS COURSE THIS YEAR, AND WATER LEVELS WILL BE WELL DOWN IN BANGLADESH THIS DRY SEASON; SUCH FLOWS REACH THEIR NADIR IN LATER APRIL. FARAKKA DIVERSIONS ARE EXACERBATING THIS SITUATION. ALONG THE GANGES' MAJOR DISTRIBUTARY, THE GORAI, THERE MAY WELL BE SOME PUBLIC HEALTH PROBLEMS ASSOCIATED WITH LOWER WATER TABLE LEVELS AND BRACKISH (SALINE) WATER IN VILLAGE WELLS. THE OUTLOOK IS FOR VERY LOW WATER LEVELS AND FLOWS IN THE 1977 DRY SEASON, AND SOME REAL ADVERSE ECONOMIC EFFECTS. THE EFFECT OF INDIAN DIVERSION OF GANGES' WATER AT FARAKKA CANNOT BE QUANTIFIED AT THIS TIME, AND PERHAPS NOT AT ALL, BUT IT WILL NOT DOUBT BE REGARDED WITH INCREASING SERIOUSNESS BY BOTH THE BDG AND LOCAL PUBLIC OPINION. END SUMMARY.

2. THE LATEST REOUND OF BDG-GOI TALKS ON SHARING THE WATER OF THE GANGES, HELD IN JANUARY 1977, HAS ENDED WITHOUT
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AGREEMENT. WHILE THERE IS APPARENTLY SOME POSSIBILITY OF AN EX GRATIA GESTURE BY THE INDIANS AFTER THE ELECTIONS THERE, PERHAPS RELEASING WATER AT FARAKKA AT A LITTLE MORE THAN 30,000 CUSECS, THE HIGHEST LEVEL OFFERED AT THE TALKS, THERE IS NOW NO PROSPECT OF AN AGREEMENT COVERING THE CURRENT DRY SEASON. THE DRY SEASON LASTS FROM DECEMBER TO JUNE IN BANGLADESH, WITH RIVER FLOWS AT THEIR LOWEST IN LATER APRIL

AND EARLY MAY. THE BANGLADESH PRESS HAS BEEN CARRYING DESCRIPTIONS OF PUBLIC HEALTH, AGRICULTURAL, TRANSPORTATION, FISHING, ECOLOGICAL, AND OTHER PROBLEMS AND DAMAGE ATTRIBUTED TO THE DIVERSION OF GANGES WATER AT FARAKKA. WHAT, IN FACT, WERE THE EFFECTS OF FARAKKA LAST YEAR AND WHAT IS THE OUTLOOK FOR THIS YEAR?

3. GANGES LOW THROUGHOUT ITS COURSE. THE WATER LEVELS IN THE GANGES AT FARAKKA (AND GENERALLY ALL ALONG ITS COURSE) THIS YEAR ARE SAID TO BE THE LOWEST EVER RECORDED, AND THE BRAHMAPUTRA IS SOMEWHAT BELOW AVERAGE AS WELL. HENCE, EVEN WITHOUT ANY DIVERSION AT FARAKKA, THERE WOULD BE ADVERSE EFFECTS FROM LOW WATER LEVELS AND FLOWS THIS YEAR. IT IS VIRTUALLY IMPOSSIBLE TO QUANTIFY THE DIFFERENCE BETWEEN WHAT IS HAPPENING AND WHAT WOULD HAVE HAPPENED WITHOUT FRAKKA. THE DACCA PRESS REPORTED ON FEB 15 THAT THE GANGES DISCHARGE AT THE HARDINGE BRIDGE, INSIDE BANGLADESH, WAS 35,000 CUSECS ON FEB 12, ALLEGEDLY THE LOWEST LEVEL EVER REPORTED. THIS CONTRASTS WITH 50,000 ON THE SAME DATE IN 1976, 89,900 IN 1975, AND 106,300 IN 1974. THE FARAKKA DIVERSION IS ALREADY MAKING THE SITUATION WORSE.

4. EFFECTS EXPERIENCED ANNUALLY. MOST OF THE ADVSESE EFFECTS ATTRIBUTED TO FARAKKA, AND IDENTIFIED AND QUANTIFIED BY THE BDG (SEE A-152), ARE EXPERIENCED IN DIFFERING DEGREE ANNUALLY. FOR EXAMPLE:

(A) GANGES-KOBADEK INTAKE. THE INTAKE CHANNEL TO BRING WATER TO THE MAIN PUMP FOR THE GANGES-KOBADEK IRRIGATION SCHEME MUST BE DREDGED EVERY YEAR. IN 1975/76 ONLY THE MAIN PUMP WAS OPERATED FOR PART OF THE DRY SEASON PERIOD, AND THIS WILL BE THE CASE AGAIN THIS YEAR. HOWEVER, OF THE PLANNED IRRIGATED AREA OF 300,000 ACRES, ONLY SOME 60,000 ACRES ARE ACTUALLY REACHED BY IRRIGATION CHANNELS AT PRESENT, SO THE MAIN PUMP HAS BEEN SUFFICIENT TO IRRIGATE THE CROP PLANTED EACH WINTER IN THE PAST. WITHOUT ASSURED WATER, IT IS UNLIKELY THAT THE PLANNED IRRIGATION CAN BE ACHIEVED.

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(B) SHIFTING OF FERRY TERMINALS. THIS IS A VERY FREQUENT OCCURRENCE IN BANGLADESH, WHERE RIVERS CHANGE COURSE, AND SANDBARS APPEAR AND DISAPPEAR.

(C) EXCAVATION OF THE GORAI OFFTAKE. FLOWS FROM THE GANGES INTO THE GORAI (A MAJOR DISTRIBUTARY IN BANGLADESH) CEASED COMPLETELY IN 1975/76, (THE FIRST YEAR OF FARAKKA DIVERSION) FOR, WE UNDERSTAND, THE FIRST TIME EVER, ALTHOUGH THE INFLOW FROM THE GANGES HAD BEEN

VERY SMALL AT THE WORST OF THE DRY SEASON IN EARLIER YEARS. WE EXPECT SUCH FLOWS INTO THE GORAI WILL AGAIN CEASE THIS YEAR. (THE GORAI DOES CONTAIN FLOWING WATER FURTHER DOWNSTREAM AS A RESULT OF REGENERATION FROM UNDERGROUND SOURCES.)

(D) CARRIAGE OF RIVER CARGO. THIS IS A PERENNIAL PROBLEM SIMILAR TO () ABOVE. OVER THE LONG TERM, THE CARRIAGE OF CARGOES ON THE GANGES HAS APPARENTLY BEEN DECLINING, AT LEAST IN COMPARISON WITH OTHER MODES OF TRANSPORT, OWING TO SANDBARS (I.E., ABSENCE OF DREDGING) AND THE GROWTH OF ALTERNATE TRANSPORT, SUCH AS TRUCKS.

(E) POWER GENERATION AND INDUSTRY. THE GOALPARA POWER STATION AT KHULNA WAS SHUT DOWN IN THE 1976 DRY SEASON BECAUSE THE STEAM GENERATING EQUIPMENT COULDN'T HANDLE SALINE WATER, AND DOUBTLESS WILL BE SHUT DOWN AGAIN

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THIS YEAR. FOR THE PRESENT, THE ADB-FINANCED, JAPANESE-BUILT POWER STATION AT BHERAMARA, WHICH BEGAN GENERATING ELECTRICITY IN MAY, 1976, CAN LARGELY MEET THE DEMAND IN THE AREA, SO THE IMMEDIATE ADVERSE EFFECT IS LIMITED.

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C O N F I D E N T I A L SECTION 2 OF 2 DACCA 0880

THE KHULNA NEWSPRINT MILL SHUT DOWN IN 1976 BECAUSE

SALINITY WAS SERIOUSLY AFFECTING BOILER WATER. THE MILL WAS LEFT WITH 18,000 TONS OF UNSOLD STOCKS, AND AMOUNT NEARLY EQUAL TO HALF A YEAR'S PRODUCTION, BUT SOME OF THIS HAS REPORTEDLY SINCE BEEN SPOKEN FOR. (STOCKS AT FEB 15 STOOD AT 14,000 TONS, OR 4 MONTH'S PRODUCTION.) THUS SALINITY HAS BECOME A PROBLEM FOR POWER AND INDUSTRY, ALTHOUGH WE BELIEVE THE ADVERSE EFFECTS WILL BE MANAGEABLE THIS YEAR AS THEY WERE IN 1976. OVER THE LONGER RUN THE PROBLEM COULD BE QUITE SERIOUS.

(F) BORO RICE CROP. THE BDG ESTIMATED THE COST OF 1975/76 BORO (WINTER) RICE PRODUCTION FOREGONE AT \$135 MILLION (EQUIVALENT), APPARENTLY THE FOREIGN EXCHANGE COST OF THE 622,000 MT OF RICE WHICH THE BDG ESTIMATES WERE LOST BECAUSE OF FARAKKA. THE SOUTHWEST IS NOT AN IMPORTANT BORO RICE-GROWING AREA. AS THE TOTAL BORO PRODUCTION IN 1974/75 IN THE AFFECTED DISTRICTS WAS ONLY 445,000 MT (AID ESTIMATE) AND THE HIGHEST POST-INDEPENDENCE LEVEL ONLY 457,000 MT, THE BDG ESTIMATE OF THE LOS FOR 1975/76 IS EXAGGERATED. TOTAL BANGLADESH BORO PRODUCTION WAS AT RECORD LEVELS IN 1976. ON THE BASIS OF "EXTREMELY GENEROUS ESTIMATES," THE IBRD HAD PLACED THE MAXIMUM POSSIBLE LOSS OF BORO RICE IN 1976 FROM FARAKKA AT 300,000 MT. BORO PRODUCTION MAY WELL BE REDUCED IN 1977, AND FARAKKA DIVERSIONS WILL BE ONE CONTRIBUTING FACTOR.

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(B) FISHERIES. THE CLAIMS HERE APPEAR TO BE PARTICULARLY HARD TO JUDGE. FRESH-WATER FISH BREEDING AREAS ARE LIKELY TO BE ADVERSELY AFFECTED AS THE SALINE WATERS MOVE FURTHER UP THE RIVERS. WE CAN ENVISAGE REAL PROBLEMS HERE, BUT CANNOT AT THIS POINT JUDGE THE ACCURACY OF THE BDG CLAIM.

5. GORAI FLOWS IMPORTANT. THE LOW DRY SEASON FLOWS IN THE GORAI MAY WELL POSE THE MOST SIGNIFICANT FARAKKA-RELATED PROBLEMS IN BANGLADESH. BUT AS IN ALL THE ITEMS IDENTIFIED IN PARA 4 ABOVE, THE DEGREE TO WHICH THESE ARE EXACERBATED BY DIVERSIONS OF WATER AT FARAKKA, OVER AND BEYOND THE EFFECTS OF THE REGULARLY LOW DRY SEASON FLOWS, IS VERY DIFFICULT TO QUANTIFY. HOWEVER, IT IS ONLY SINCE FARAKKA DIVERSIONS BEGAN THAT GANGES FLOWS INTO THE GORAI CEASED ALTOGETHER. THE MOST IMPORTANT EFFECTS ARE A FURTHER NORTHWARD PENETRATION OF SALINE WATER AND A FALL IN THE GROUNDWATER TABLE IN NEARBY AREAS. THESE TWIN RESULTS OF LOW FLOWS, IN TURN, CAUSE VILLAGE DRINKING WATER TO TURN BRACKISH AND BECOME HARDER TO OBTAIN. THIS PUBLIC HEALTH PROBLEM, ALBEIT LIMITED, MAY WELL BE THE MOST IMPORTANT SINGLE EFFECT OF REDUCED

FLows DOWN THE GORAI.

6. WHAT THE BDG MAY DO. AN IBRD \$600,000 TECHNICAL ASSISTANCE PROJECT WAS SIGNED LAST MONTH TO FINANCE A STUDY OF THE SOUTHWEST REGION, INCLUDING EFFECTS OF VARYING LEVELS OF GANGES RIVER FLOWS. SOME OF THE POSSIBLE MEASURES TO BE EXAMINED BY THE STUDY INCLUDE A BARRAGE ACROSS THE GANGES AT THE GORAI INTAKE TO ENSURE DRY-SEASON FLOWS DOWN THE GORAI AND A LINK CANAL BETWEEN THE BRAHMAPUTRA (BELOW ITS CONFLUENCE WITH THE GANGES)
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AND THE GORAI. A PRC TECHNICAL ASSISTANCE GROUP IS IN BANGLADESH TO LOOK AT MINOR IRRIGATION PROJECTS, WHERE CHINESE TECHNICAL ASSISTANCE MIGHT BE OFFERED. SUCH ACTIVITIES WOULD BE IN LINE WITH ADMIRAL KHAN'S CALL FOR SELF-RELIANCE (REFTEL). IN A SEPARATE MESSAGE WE ARE REPORTING ON BDG'S CURRENT STRATEGY AS WE UNDERSTAND IT.
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